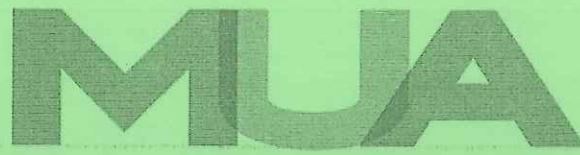


The
Management
University
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF COMMERCE

INS 312: PRINCIPLES OF INSURANCE

DATE: 10TH AUGUST 2018

DURATION: 2 HOURS
MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided

QUESTION ONE

Read the case study below very carefully and answer the questions that follow

a) MBOLEA ENTERPRISES

Mbolea enterprise is a newly established company registered in Nairobi to manufacture agro-pesticides. They have envisaged among others to acquire the following:-

- Ultra-modern manufacturing plant
- Ultra-modern industrial premises
- Delivery trucks
- Employ two hundred staff
- Build up staff residential estate with basic social amenities
- Sink two boreholes to provide water
- Export the by products from the plant to Uganda as raw materials for fertilizer
- Run several distribution outlets
- Hire out or contract retail outlets in the outer towns
- Supplement KP&LC's power with two diesel generators
- Sell all her product brands to the East African market and the COMESA region.

As a risk manager with "Prudent Risk Management Advisory Services" you have been contracted to chart out Risk Management process for the company. Advice. (20 marks)

- b) Briefly explain the meaning of risk. (5 marks)

QUESTION TWO

Establish the factors hindering the speedy growth of insurance in Kenya (15 marks)

QUESTION THREE

Does the insurance industry need the services of Brokers and Agents in the major towns like Nairobi given the proximity of the insurers and the high level of the public awareness and Education in Towns? Discuss (15 marks)

QUESTION FOUR

Discuss five various approaches to risk management giving examples in each.

(15 marks)

QUESTION FIVE

- a) In relation to claims, explain the term underwriting giving the roles of an underwriter (6 marks)
- b) Discuss the various types of life assurance policies. (9 marks)

QUESTION SIX

- a) What is the socio-economic role of insurance? Explain why the industry lags behind in developing economies. (10 marks)
- b) Discuss the role of technology in underwriting (5 marks)

